

**WAYLAND RUSSELL
AND RAINBOW RENTALS:
A CUSTOMER-FRIENDLY
BUSINESS OFFERING
USER-FRIENDLY
PRODUCTS**



**AN APROFILE BY
KATIE GARZA**

In 1996, Wayland Russell was reading the newspaper when he came across an article about personal computers. According to the article, the “PC frenzy” was over because only 60 percent of households had personal computers. Russell cracked a smile and shared the news with his associates at Rainbow Rentals, a rent-to-own company based in Youngstown, OH. “We laughed because we knew the other 40 percent were our customers and every one of them would like to have a computer,” he says. “So that’s what we did. We focused in on computers and they’ve become a staple product for us.”

SOMEWHERE OVER AT

Rainbow

PHOTOGRAPHS BY BILL LEWIS

Today, Rainbow Rentals, one of five publicly traded rent-to-own companies in the world, leads the market in personal computer rentals. From laptops to desktops, Rainbow's 120 stores carry a wide variety of cutting-edge, flat-screen computers, in addition to the standard offerings of furniture, appliances and other electronics. ♣ According to Russell, Rainbow jumped headlong into computer rentals about five years before the rest of the industry made the leap. The company launched a \$2 million campaign to acquire the inventory and transform its employees into tech-savvy consultants.

"Each of our account managers had to take a computer home and perform certain functions on it, like sending e-mails and e-faxes and so forth," says Russell. "They had to learn all of it and fully understand it."

The employee computer training included learning several user-friendly software applications, to which Rainbow bought the licenses and installed on their computers. "Back then, they didn't have bundled software to



make it interesting to our clientele," he says. "We wanted to give our clientele computers that they could really use and enjoy, instead of just playing solitaire until they got bored."

Rainbow's employees weren't the only benefactors of the company's impromptu computer training; the customers also reaped the rewards. "We actually teach our clientele how to use the computers they rent from us—things like how to get on the Internet," he says.

A Rainbow in cyberspace

According to Russell, teaching customers how to surf the Internet was "part and parcel" to launching a Rainbow Rentals store in cyberspace at www.rainbowrentals.com. Shoppers can browse through virtual showrooms, hunt for specific name

brands, learn about the latest money-saving deals, place orders or locate the nearest store.

"Today, about 2 percent of all our orders are coming from the Internet; we're getting a minimum of 400 orders a month," says Russell. "That's pretty material. I mean, how many companies out there would like to increase their top line by 2 percent?"

The multi-million-dollar campaign to bring personal computers into Rainbow customer households has paid off. Company financial reports have shown that the core stores are bringing in more than \$250,000 per location in computers alone.

Such an ambitious campaign to utilize Rainbow employees as ambassadors of technology could not have been achieved with a "revolving-door staff," says Russell, who attributes Rainbow's strong employee loyalty to solid internal communications initiatives. The average manager has worked at Rainbow for more than six years and most regional managers hold 10 years or more with the company.

"It's not farming in different talent with different ideas all the time," Russell says. "We want those different ideas, but we want continuity. I can tell you that the low turnover rate that we've enjoyed at Rainbow Rentals for

many years was instrumental in us introducing a sophisticated product like computers five years before the industry ever thought it would be a viable product."

Technically speaking

Ironically, Rainbow senior management relies strongly on the same computer technology it brought to its customers to cultivate a dedicated company culture.

"Communication is technology's great reward," Russell says. "I can turn on my Blackberry, type a message with complete security to every human being in the company and hit 'enter.' Within a very short period of time, everyone in the company is reading that e-mail."

Rainbow Rentals also utilizes computer programs to stay on top of the company's bottom line. "We have a very sophisticated POS computer system that tracks



RUSSELL WITH RAINBOW VICE PRESIDENT JOSEPH FISCHER (SEATED) AND CONTROLLER DAVE PECCHIA.

every single account," says Russell. "It's not an average of the averages. It knows how much is due on every single account every single day to the penny. It's all Windows-based proprietary software on an Intranet system."

Furthermore, every Monday the company releases the *RINO* [Rainbow Is Number One] Report via e-mail, which lists every stores' gains and collectible dollars versus actual dollars collected for the week. Keeping employees informed of how their stores figure into the company's bigger financial picture can be a great motivator, says Russell.

"We're paying on a performance base and these guys make more money than the average store manager in the industry makes," he says. "Our average core stores are right at \$1 million in sales per year, which eclipses the industry average. We close under 3.5 percent, week in, week out, all the time. Nobody I know in the industry does that."

Yet financial stats and projections aren't the only topics communicated through cyberspace to Rainbow's 120 store locations. The company also disseminates employee news, such as family birth and death announcements, and posts information about upcoming charity events, a

germane interest to Rainbow Rentals' company culture.

"Rainbow Rentals generally does not tell people about the philanthropic work we do, but we're a publicly traded company and everybody knows that we give 10 percent of our trailing earnings to good works every year," says Russell. "It suffices to say that we plug in local-

jm "WE WANT THOSE DIFFERENT IDEAS, BUT WE WANT CONTINUITY. I CAN TELL YOU THAT THE LOW TURNOVER RATE THAT WE'VE ENJOYED AT RAINBOW RENTALS FOR MANY YEARS WAS INSTRUMENTAL IN US INTRODUCING A SOPHISTICATED PRODUCT LIKE COMPUTERS FIVE YEARS BEFORE THE INDUSTRY EVER THOUGHT IT WOULD BE A VIABLE PRODUCT."

ly and personally to everything that we give to. We find local ministries and charities and watch their financial statements and stay involved. We take that responsibility so we know exactly where our money is going."

Heartreach Ministries, an outreach program for



RUSSELL (RIGHT) CHATS WITH JAMES KRAY, MANAGER OF A RAINBOW RENTALS STORE IN YOUNGSTOWN, OHIO.

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inner-city youth, is a long-standing, favorite cause for Rainbow Rentals. The recreational complex was established with the assistance of several Youngstown businesses and churches, including the church Russell and his family attends. Many Rainbow Rentals employees have continued to support Heartreach through donated time and money.

Serving the community as a company can foster a sense of community among Rainbow employees, yet Russell says his company encourages more than a team environment. Rainbow Rentals promotes ownership among its employees.

“Taking ownership of their stores is critical to making our business model work,” he says. “We refer to our associates as associates, not employees. We believe employees

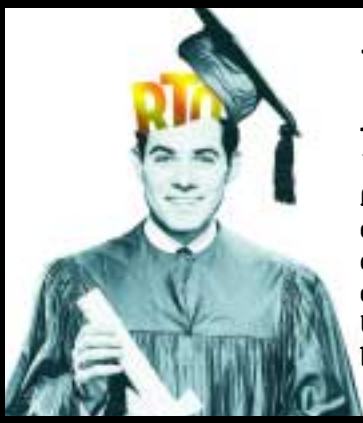
are hired hands—that you buy their loyalty one hour at a time. We don’t believe that’s what our associates are about.”

To facilitate ownership, all managers were given stock options when Rainbow Rentals went public. The company also pays 100 percent of employee health benefits and associates can buy products at cost from the stores. Rainbow’s top store managers are recruited to participate in MAC, or the Manager Advisory Committee, which meets up to three times a year to discuss the company’s future and the industry’s future. When Russell attends furniture or electronics shows to scope potential inventory, store managers are invited to accompany him.

“Managers can tell us what’s going to move and what customers want,” he says. “There’s communication up and through the ranks at all times.”

Through the Rainbow Rentals Account Manager Program, a training method developed by Russell over his 26 years in the industry, supervisors communicate the company’s core values to new recruits before they ever interact with the customers. The orientation involves an intense two-week training period about customer relations.

“New account managers have to understand that the cornerstone of what we’re doing here is founded on respect and dignity,” Russell says. “Rainbow Rentals was a



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company founded on Judeo Christian principles. Simply stated, we treat everybody the way we'd expect to be treated given the same circumstances. If you're going to write an article about Rainbow Rentals, you can't be correct without making that statement."



Consistently communicating the company's founding principles and business methodologies leads to high keep rates, says Russell. "It



"IT'S ABOUT ANSWERING THE PHONE ON THE FIRST RING AND GREETING THE CUSTOMER BEFORE SHE HITS THE THIRD TILE ON THE FLOOR TO LET HER KNOW THAT YOU RECOGNIZE A HUMAN BEING HAS ENTERED THE STORE AND YOU WANT TO DO BUSINESS WITH HER."



all starts from the very beginning—having a very strong representation, explanation, demonstration and re-assurance sale," he says. "Before that, it's about answering the phone on the first ring and greeting the customer before she hits the third tile on the floor to let her know that you recognize a human being has just entered the store and you want to do business with her.

"We believe you can get all you want in this world by just helping enough people get what they want," he says. "Our credit program isn't about credit, it's about sales; selling the customers on the advantages of having their accounts up and current with Rainbow Rentals at all times. That's what we do." ■

Katie Garza is a free-lance writer living in Austin, TX.